

D&D AGReport

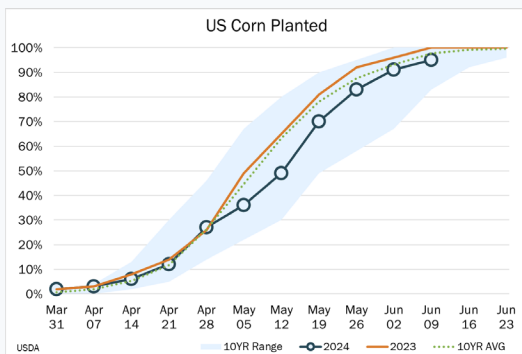
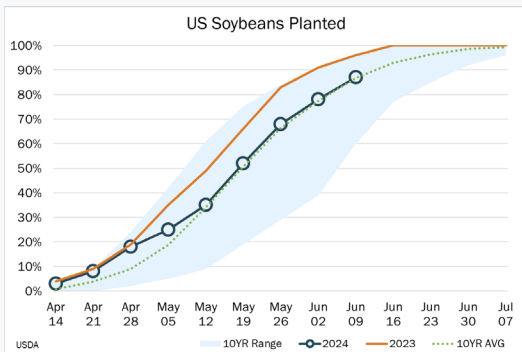
MARKETMIX

This monthly MarketMIX highlights the latest WASDE report findings and what that means for you, your customers and your operation.

With most of this year's crop in the ground, weather and international factors are coming into focus as primary drivers of grain and feed markets.

DOMESTIC UPDATES: WEATHER & INVENTORIES

- Soil moisture is largely favorable with minimal areas under severe, extreme or exceptional drought conditions. Forecasts are unremarkable across the Midwest.
- Isolated areas are contending with excess moisture and a decision to replant or abandon acres. This may be reflected in the "prevent plant" number, with a potential to impact grain and silage corn acres.
- All this is likely to boost already ample US stocks. In its June WASDE report, USDA pegged old-crop corn inventories at 2.022 billion bushels and new-crop supplies at 2.102 billion bushels, unchanged from the month prior. Old-crop US soybean stocks were revised up to 350 million bushels, while new-crop came in at 455 million bushels, both up 10 million bushels from May.
- Grain stock numbers are mostly unchanged.



USDA WASDE Report: June			
2023/2024 US Ending Stocks (Billion Bushels)			
	Corn	Soybeans	Wheat
June	2.022	0.350	0.688
Consensus	2.009	0.346	0.688
Range	1.950 - 2.022	0.319 - 0.370	0.678 - 0.698
May	2.022	0.340	0.688
2023/2024 World Ending Stocks (Million Metric Tons)			
	Corn	Soybeans	Wheat
June	312.39	111.07	259.36
Consensus	311.35	110.33	257.34
Range	309.00 - 313.08	108.00 - 112.30	256.00 - 258.00
May	313.08	111.78	257.80

USDA WASDE Report: June			
2024/2025 US Ending Stocks (Billion Bushels)			
	Corn	Soybeans	Wheat
June	2.102	0.455	0.758
Consensus	2.079	0.448	0.778
Range	1.975 - 2.102	0.340 - 0.492	0.741 - 0.815
May	2.102	0.445	0.766
2024/2025 World Ending Stocks (Million Metric Tons)			
	Corn	Soybeans	Wheat
June	310.77	127.90	252.27
Consensus	310.55	127.25	251.18
Range	308.00 - 312.42	124.28 - 130.80	247.50 - 255.10
May	312.27	128.50	253.61

BRAZIL'S TAX PROPOSAL SCARE & MORE

- Tax Proposal: This caused excitement in US grain markets earlier this month. The measure, put forth by Brazilian President Luis Inacio Lula da Silva, would increase tax costs and decrease margins for the country's commodity exporters and processors. Merchants would have likely made up profit losses by raising prices, leaving Brazilian grain less competitive in global markets. Brazil's agricultural and biofuel sectors spoke out against the rule, while key grain importer China signaled its dissent by increasing purchases of US soybeans.
- The mandate has since been struck down by Brazil's senate and is no longer effective. While a new measure may be proposed, reports suggest nothing is in the works right now.

ARGENTINA HARVEST

- Soybean harvest is nearing completion. Roughly 40% of the country's corn was in grain bins as of early June. The country's crops look much improved as drought conditions alleviate, and the newly harvested grains could compete with US corn and soybeans for export business.
- There is ample inventory thanks to impressive corn production projections of 53 million metric tons, while soy production is expected to hit 40 million.

USDA WASDE Report: June		
2023/2024 South America Corn (Million Metric Tons)		
	Argentina	Brazil
June	53.00	122.00
Consensus	50.87	120.95
Range	48.00 - 53.00	119.00 - 122.50
May	53.00	122.00
2023/2024 South America Soy (Million Metric Tons)		
	Argentina	Brazil
June	50.00	153.00
Consensus	49.83	151.80
Range	49.00 - 50.00	149.00 - 154.00
May	50.00	154.00



MEXICO'S ELECTION & IMPORTS

- Recent weakness in the Mexican peso could dent US export demand. The currency dropped 8% of its value on the heels of Mexico's presidential election, giving Mexico less buying power.
- Some investors are concerned that President Claudia Sheinbaum could pass reforms that would "eliminate crucial oversight bodies, erode judicial independence and concentrate more power in the executive branch." Sheinbaum's environmentalist leaning is raising worries the government will restrict growth of the country's energy.
- Mexico is the top buyer of US corn, importing \$5.38 billion last year. The country ranks third for soybean purchases, with \$2.78 billion bought in 2023, and second for imports of soybean meal, which totaled \$822.52 million.



CANADA'S CANOLA AND AGREEMENTS

- Across the northern border, a tentative labor deal has seemingly ended the threat of rail strikes in Canada. The agreement, which includes wage increases and other benefits, will keep \$2.6 billion in daily US-Canada trade flowing.
- Canola and other protein basis values have been bolstered by the logistical inefficiencies caused by the threat of a strike. While multiple supply factors are still creating short-term availability concerns, this is an important first step in the right direction.

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